

FBI

TRANSMIT VIA:

- ☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:

- ☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

- ☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 03/28/89

To : Director, FBI (Attention: Criminal Investigative Division)
 From : SAC, HONOLULU (194A-121) (P) (GRA)
 Subject : Public Corruption Data Transmittal Form

1. Title: (use additional page if necessary)

PEDRO P. TENORIO, GOVERNOR,
 COMMONWEALTH OF THE NORTHERN
 MARIANA ISLANDS (CNMI);

2. ☒ Enclosed are the original and three copies of a LHM for dissemination purposes.
(check if appropriate)

3. Office of Origin File No. 194A - 121 (include alpha)

4. ☒ Initial submission ☐ Supplemental submission (check one)

5. Date opened upon SAC authority 03/17/89

6. Level of subject official (See codes on reverse. Use additional pages, as necessary, for additional subjects.)

Level N01 Number of Subject(s) 1
 Level N09 Number of Subject(s) 1
 Level _____ Number of Subject(s) _____

7. Indicate which of the following investigative techniques have been utilized to date.
(check all appropriate boxes)

Code Number / Description

- Z1 ☐ Acct. Tech. Assist.
 Z2 ☐ Aircraft Assist.
 Z3 ☐ Computer Assist.
 Z4 ☐ Consensual Monitoring
 Z5 ☐ Elsur - FISC
 Z6 ☐ Elsur - Title III
 Z7 ☐ Eng. Sect. Field Support
 Z8 ☐ Eng. Sect. Tape Exams
 Z9 ☐ Hypnosis Assist.
 Z10 ☐ Ident Div. Assist.
 Z11 (A) ☐ Symbolized Informant
 Z11 (B) ☐ Cooperating Witness
 Z11 (C) ☐ Cooperating Subject
 Z12 ☐ Lab. Div. Exams
 Z13 ☐ Lab. Div. Field Support

Code Number / Description

- Z14 ☐ Pen Registers
 Z15 ☐ Photo Coverage
 Z16 ☐ Polygraph Assist.
 Z17 ☐ Search Warrants Use
 Z18 ☐ Show Money Use
 Z19 ☐ Surveillance Squad Use
 Z20 ☐ Swat Team
 Z21 ☐ Tech. Agent
 Z22 ☐ Telephone Toll Records
 Z23 ☐ Group I UCO
 Z24 ☐ Group II UCO
 Z25 ☐ Undercover - Other
 Z26 ☐ NCAVG/VI - CAP
 Z27 ☐ VIA

2 Field Office
 3 FBIHQ

(1 - White-Collar Crimes Section, Public Corruption Unit)

ENCLOSURE

APR 14 1989

Approved: WMA

Transmitted _____

(Number)

(Time)

Per _____

2 CC'S TO DOJ/PIS

1 CC TO WCCS, RM 3840

DATE: 4/7/89 BY: F.P.J.

b6
b7c

FBI/DOJ

Codes for Levels of Officials

Federal		Local (Continued)	
K01	President	M13	Law Enforcement Officer - command position Field Office or SSRA city
K02	Vice-President	M14	Law Enforcement Officer - command position Non-Field Office or SSRA city
K03	Cabinet Level	M15	Law Enforcement Officer - ranking officer Field Office or SSRA city
K04	U.S. Senator	M16	Law Enforcement Officer - ranking officer Non-Field Office or SSRA city
K05	U.S. Representative	M17	Other Elected Officials - Field Office or SSRA city
K06	Judge	M18	Other Elected Officials - Non-Field Office or SSRA city
K07	Prosecutor	M19	Public Employee (appointed) - Field Office or SSRA city, managerial level or above
K08	Law Enforcement Official	M20	Public Employee (appointed) - Non-Field Office or SSRA city, managerial level or above
K09	Federal Employee, GS-13 and above	M21	Public Employee (appointed) - Field Office or SSRA city, less than managerial
K10	Federal Employee, GS-12 and below	M22	Public Employee (appointed) - Non-Field Office or SSRA city, less than managerial
K11	Military Personnel, commissioned		
K12	Military Personnel, non-commissioned		
State		Territorial	
L01	Governor	N01	Governor
L02	Lt. Governor	N02	Lt. Governor
L03	Cabinet Level	N03	Cabinet Level
L04	Senator	N04	Senator
L05	Representative	N05	Representative
L06	Judge	N06	Judge
L07	Prosecutor	N07	Prosecutor
L08	Law Enforcement Officer	N08	Law Enforcement Officer
L09	State Employee, managerial or above	N09	Territorial Employee, managerial or above
L10	State Employee, less than managerial	N10	Territorial Employee, less than managerial
Local			
M01	Mayor - Field Office or SSRA city		
M02	Mayor - Non-Field Office or SSRA city		
M03	Legislator (Commissioner, Council- man, etc.) Field Office or SSRA city		
M04	Legislator (Commissioner, Council- man, etc.) Non-Field Office or SSRA city		
M05	Judge - Field Office or SSRA city		
M06	Judge - Non-Field Office of SSRA city		
M07	Prosecutor - Field Office or SSRA city		
M08	Prosecutor - Non-Field Office or SSRA city		
M09	Chief of Police - Field Office or SSRA city		
M10	Chief of Police - Non-Field Office or SSRA city		
M11	Sheriff - Field Office or SSRA city		
M12	Sheriff - Non-Field Office or SSRA city		

~~LARRY L. HILLBLUM, dba
Bank of Saipan (BOS);~~

~~[REDACTED] ACCOUNT EXECUTIVE,
E.F. HUTTON, INC.;
BARTON HARRY WATSON, III, aka
Barry Watson, ACCOUNT EXECUTIVE,
E.F. HUTTON, INC.;~~

~~[REDACTED]
BOARD OF DIRECTORS (BOD),
ECONOMIC DEVELOPMENT LOAN FUND (EDLF), CNMI;
JAMES E. HAWKINS;
CORRUPTION OF STATE AND LOCAL PUBLIC
OFFICIALS - STATE LEVEL~~

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b7C

8. Type of Corruption Investigated (check all appropriate boxes)

Code Number/Description

(A) Judicial Corruption

- A1 ☐ Federal
A2 ☐ State
A3 ☐ Local
A4 ☐ Territorial

(C) Contract Corruption

- C1 ☒ Federal
C2 ☐ State
C3 ☐ Local
C4 ☒ Territorial

(E) Law Enforcement Corruption

- E1 ☐ Federal
E2 ☐ State
E3 ☐ Local
E4 ☐ Territorial

Code Number/Description

(B) Legislative Corruption

- B1 ☐ Federal
B2 ☐ State
B3 ☐ Local
B4 ☐ Territorial

(D) Regulatory Corruption

- D1 ☐ Federal
D2 ☐ State
D3 ☐ Local
D4 ☐ Territorial

9. Does corruption involve drug related activity? (check one) ☐ Yes ☒ No

10. Statistical Accomplishments (number since last submission)

- | | | | |
|-------------------------|-------|-----------------------|-------|
| A. Complaints | _____ | F. Acquittal | _____ |
| B. Informants | _____ | G. Recoveries | _____ |
| C. Indictments | _____ | H. Restitutions | _____ |
| D. Convictions | _____ | I. Potential Economic | _____ |
| E. Pre-trial Diversions | _____ | Loss Prevented | _____ |

11. Forfeiture Provisions Utilized (check one) ☐ Yes ☒ No

12. Status of Case (check one)

- ☐ Pending Preliminary Inquiry
☒ Pending Full Investigation
☐ Closed

13. Basis for Closing (check one)

- ☐ U.S. Attorney Declination
☐ Dismissal
☐ Acquittal
☐ Conviction
☐ Administrative by SAC (no other basis involved)

Additional Administrative Data (if needed):

REC

TELETYPE ON

6 APR 83 11 26Z

OF INVESTIGATION

Exec AD Adm.	
Exec AD Inv.	
Exec AD LES	
Asst. Dir.:	
Adm. Servs.	
Crim. Inv.	
Ident.	
Insp.	
Intell.	
Lab.	
Legal Coun.	
Off. Cong. & Public Affs.	
Rec. Mgmt.	
Tech. Servs.	
Training	
Off. Liaison & Int. Affs.	
Telephone Rm.	
Director's Sec'y	

1 OXCHM (#0581)

TEXT

VICZCHNO 766

PP HQ

D INI #3036 9980424

ZTF UUUUU

P 07.4000Z APR 83

FM FBI HONOLULU (194A-121) (1) (CRM)

TO DIRECTOR FBI/PRIORITY/

BT

UNCLAS

CITE. //3260:6619//

SUBJECT: PEDRO P. TENORIO, GOVERNOR, COMMONWEALTH OF THE
NORTHERN MARIANA ISLANDS (CNMI); LARRY L. HILLBLOOM, DBA BANK OF
SAINT (BOS) [REDACTED], ACCOUNT EXECUTIVE, E.F. HUTTON,
INC.; BARTON HARRY WATSON, III, AKA BARRY WATSON, ACCOUNT
EXECUTIVE, E.F. HUTTON, INC.; [REDACTED]
BOARD OF DIRECTORS (POB), ECONOMIC DEVELOPMENT LOAN FUND (EDLF)
CNMI, JAMES B. HAWKINS, CORRUPTION OF STATE AND LOCAL PUBLIC
OFFICIALS - STATE LEVEL; OO: HONOLULU.

CAPTIONED CASE INITIATED AN ALLEGATION BY E.F. HUTTON
EMPLOYEE THAT SOMETIME IN 1984/1985, GOVERNOR PEDRO P. TENORIO

b6
b7C

CC TO VCCS, RM 3849

DATE: 4/10/89 BY: [REDACTED]

PAGE TWO DE IN 0006 UNCLAS

DEMANDED A \$10,000 PAYMENT IN RETURN FOR HIS APPROVING THE
DEPOSIT OF \$7,000,000 OF FEDERAL FUNDS WITH E.F. HUTTON. FD-761
AND EHM TO FOLLOW.

THE INVESTIGATION IS IN ITS EMBRYONIC STAGES AND NO MEDIA
INQUIRIES ARE ANTICIPATED DUE TO THE FACT THAT THE INVESTIGATION
IS CURRENTLY BEING CONDUCTED COVERTLY.

BT

0006

NNNN

TELETYPE UNIT

INDEX (#10583)

TEXT

VZCZCHNO07

PP HQ

DE HN #0007 1040339

ZNR UUUUU

P 130200Z APR 89

FM FBI HONOLULU (194A-121) (GRA) (P)

TO DIRECTOR FBI/PRIORITY/

BT

UNCLAS

CITE: //3280:6510//

Exec AD Adm	
Exec AD Inv	
Exec AD LES	
Asst Dir:	
Adm Serv	
Crim Inv	
Ident	
Intell	
Lab	
Legal Coun	
Off Cong & Public Affs	
Rec Mgmt	
Tech Serv	
Training	
Off Liaison & Int Affs	
Telephone Rm	
Director's Sec'y	

SUBJECT: PEDRO P. TENORIO, GOVERNOR, COMMONWEALTH OF THE
NORTHERN MARIANA ISLANDS (CNMI); LARRY L. HILLPLOM, DBA BANK OF
SAIPAN (DOS) [REDACTED] ACCOUNT EXECUTIVE, E F. HUTTON,
INC.; BARTON HARRY WATSON, III, AKA BARRY WATSON, ACCOUNT
EXECUTIVE, E. F. HUTTON, INC. [REDACTED] 194-87773

BOARD OF DIRECTORS (BOD), ECONOMIC DEVELOPMENT LOAN FUND (EDLF), JUL 80 139
CNMI; JAMES E. HAWKINS CORRUPTION OF STATE AND LOCAL PUBLIC
OFFICIALS - STATE LEVEL; OO: HONOLULU. b6 b7C

PURPOSE: AUTHORITY IS REQUESTED TO USE AN ELECTRONIC DEVICE
TO MONITOR AND/OR RECORD PRIVATE CONVERSATIONS BETWEEN BARTON

1 CC TO WCCS, RM 3349
DATE: 4/20/89 BY: JPO

1cc to elsur unit
W 4/27/89
Hoy

NOT processed.
Use of inmate Daniel by OEO/DOT under these
conditions on 4/21/89. HNA advised by tel 4/22/89 on

Take as good as all
one

PAGE TWO DE HN 0007 UNCLAS

HARRY WATSON III AND JAMES E. HAWKINS AND OTHERS YET UNKNOWN IN CONNECTION WITH A CORRUPTION OF STATE AND LOCAL PUBLIC OFFICIALS MATTER *for A 30 day period.*

DETAILS: DOJ/OFFICE OF ENFORCEMENT OPERATIONS APPROVAL IS REQUIRED BECAUSE (1) THE INTERCEPTION RELATES TO AN INVESTIGATION OF PUBLIC OFFICIALS AND THE OFFENSES BEING INVESTIGATED ARE ONES INVOLVING BRIBERY; CONFLICT OF INTEREST OR EXTORTION RELATING TO THE PERFORMANCE OF THEIR OFFICIAL DUTIES; AND (2) THE CONSENTING PERSON IS IN THE CUSTODY OF THE BUREAU OF PRISONS.

WATSON HAS VOLUNTARILY PROVIDED INFORMATION CONCERNING PUBLIC CORRUPTION IN THE CNMI. HE HAS PERSONAL KNOWLEDGE OF THE CORRUPT PRACTICES USED BY CNMI OFFICIALS TO EXTORT MONEY FROM INDIVIDUALS WISHING TO DO BUSINESS WITH THE CNMI GOVERNMENT. AS AN EMPLOYEE OF E. F. HUTTON, HE WAS INFORMED BY CNMI OFFICIALS AND THEIR ASSOCIATES THAT HE WAS REQUIRED TO HIRE KEY PEOPLE AS CONSULTANTS IN ORDER TO DO BUSINESS WITH THE CNMI GOVERNMENT. HE CONSPIRED WITH HIS ASSOCIATE, [REDACTED] A CNMI OFFICIAL, [REDACTED] AND [REDACTED] CONTACT, JAMES E. HAWKINS, TO ENTER INTO A CONSULTING AGREEMENT IN ORDER TO OBTAIN BUSINESS FOR E. F. HUTTON. THE CNMI GOVERNOR ALSO REQUESTED \$10,000.

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PAGE THREE DE HN 0007 UNCLAS

ELECTRONIC MONITORING DEVICES (BOTH TELEPHONIC AND NON-
TELEPHONIC) ARE NECESSARY BECAUSE TRADITIONAL INVESTIGATIVE
TECHNIQUES USED IN THIS INVESTIGATION HAVE NOT BEEN EFFECTIVE.
HAWKINS, [] AND [] HAVE ALL BEEN INTERVIEWED AND ALL
DENIED ANY IMPROPRIETIES. WATSON IS AGREEABLE TO ENGAGING
SUBJECTS IN CONVERSATIONS REGARDING THEIR CONSPIRACY. HE IS
AGREEABLE TO HAVING THESE PRIVATE CONVERSATIONS RECORDED
Watson has signed consent forms and will testify.
ELECTRONICALLY. THE PLANNED SCENARIO IS FOR WATSON, AS SOON AS
FEASIBLE, TO TRAVEL TO THE WASHINGTON, D. C. AREA AND CONTACT
HAWKINS, WHO CURRENTLY RESIDES IN RESTON, VIRGINIA. WATSON MAY
CONTACT [] WHOSE LAST KNOWN ADDRESS IS IN []
VIRGINIA. WATSON MOST LIKELY WILL CONTACT THEM TELEPHONICALLY IN
ORDER TO ARRANGE A DINNER MEETING TO DISCUSS OLD TIMES TOGETHER.
THE TELEPHONE CONVERSATIONS WILL BE RECORDED AND WATSON WILL WEAR
A BODY RECORDER FOR FACE TO FACE MEETINGS. RECORDING DEVICES
WILL ONLY BE USED WHEN WATSON IS PRESENT. WATSON IS WILLING TO
TESTIFY IN COURT AND EXECUTE FD-473.

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WATSON IS CURRENTLY IN THE CUSTODY OF THE BUREAU OF PRISONS
AFTER PLEADING GUILTY TO SECURITIES VIOLATIONS UNRELATED TO
CAPTIONED MATTER. AS REQUIRED, THE FOLLOWING INFORMATION ON

PAGE FOUR DE HN 0007 UNCLAS

WATSON IS BEING PROVIDED

1. WATSON IS LOCATED AT THE FEDERAL PRISON CAMP IN ALLENWOOD, PA.
2. WATSON'S REGISTRY NUMBER IS 11385-016, SSAN 381-78-3111.
3. WATSON'S USE IS NECESSARY IN THAT OTHER INVESTIGATIVE TECHNIQUES HAVE BEEN UNSUCCESSFUL.
4. TARGETS OF THE INVESTIGATION ARE CNMI GOVERNOR PEDRO P. TENORIO, LARRY L. HILLBLOM, [REDACTED] AND JAMES E. HAWKINS.
5. WATSON WILL TRAVEL TO WASHINGTON, D. C. ON FURLOUGH AND WILL ENGAGE HAWKINS AND POSSIBLY OTHERS IN ELECTRONICALLY MONITORED CONVERSATIONS.
6. ALTHOUGH WATSON WILL NOT BE GUARDED 24 HOURS A DAY, FBI AGENTS WILL BE AWARE OF HIS LOCATION AND ACTIVITIES AT ALL TIMES.
7. TENTATIVELY, WATSON WILL BE USED FOR APPROXIMATELY ONE WEEK. IF RESULTS ARE POSITIVE, ADDITIONAL ASSISTANCE BY WATSON MAY BE NECESSARY.
8. WATSON WILL BE NECESSARY AS A WITNESS.
9. NO PRISONER REDESIGNATION OR RELOCATION IS NECESSARY UPON COMPLETION OF THE ACTIVITY; HOWEVER, WATSON HAS REQUESTED

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PAGE FIVE DE HN 0007 UNCLAS

THAT CNMI AUSA [] WRITE A LETTER REQUESTING THAT HE
BE PLACED IN A HALF-WAY HOUSE. ALTHOUGH PLACEMENT IN A HALF-WAY
HOUSE IS NOT A CONDITION FOR WATSON'S COOPERATION, THE POTENTIAL
OF THAT HAPPENING IS CONSIDERED AS AN INCENTIVE TO HIM. AUSA

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[] FEELS THAT THE DEGREE OF WATSON'S COOPERATION WILL
DIMINISH SIGNIFICANTLY AFTER HIS RELEASE AT THE TERMINATION OF
HIS CURRENT SENTENCE ON JUNE 29, 1989

10. WATSON WILL BE UNGUARDED EXCEPT FOR SECURITY REASONS.
FBI AGENTS WILL BE AWARE OF HIS LOCATION AND ACTIVITIES AT ALL
TIMES.

U. S. ATTORNEY'S OPINION: CAPTIONED INVESTIGATION HAS BEEN
DISCUSSED WITH CNMI AUSA [] WHO APPROVES THE USE OF
ELECTRONIC MONITORING DEVICES. [] ADVISED ENTRAPMENT IS NOT
AN ISSUE IN THAT THE CRIMES BEING INVESTIGATED HAVE ALREADY
OCCURRED.

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BT

#0007

NNNN

SSP

DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
COMMUNICATION MESSAGE FORM

00276

CLASS 1 OF 3
SRC'D 1 OF 3
SER 1
REC 1

4/27/89

CLASSIFICATION
UNCLASPRECEDENCE
PRIORITY

START HERE

FM DIRECTOR FBI

TO FBI HONOLULU {194A-121} {GRA}/PRIORITY/

BT

UNCLAS

CITE: //0622//

SUBJECT: PEDRO P. TENORIO, GOVERNOR, COMMONWEALTH OF THE
NORTHERN MARIANA ISLANDS {CNMI}; LARRY L. HILLBLOM, DBA BANK
OF SAIPAN {BOS}; [REDACTED], ACCOUNT EXECUTIVE, E. F.
HUTTON, INC.; BARTON HARRY WATSON, III, AKA BARRY WATSON,
ACCOUNT EXECUTIVE, E. F. HUTTON, INC., [REDACTED]
[REDACTED] BOARD OF DIRECTORS {BOD}; ECONOMIC DEVELOPMENT LOAN
FUND {EDLF}; CNMI; JAMES E. HAWKINS; CORRUPTION OF STATE AND
LOCAL PUBLIC OFFICIALS - STATE LEVEL; OO: HONOLULU.

REFERENCE HONOLULU TELETYPE TO FBIHQ DATED APRIL 13,
1989, AND TELCAL OF SSA [REDACTED], FBIHQ, TO SSA [REDACTED]

[REDACTED] HONOLULU, APRIL 21, 1989.

194-8777-4

DO NOT TYPE MESSAGE BELOW THIS LINE

APPROVED BY <i>[Signature]</i>	DRAFTED BY JPB:jia {4}	DATE 4/27/89	ROOM 3849-B	TELE EXT. 5701
-----------------------------------	---------------------------	-----------------	----------------	-------------------

- 1 - [REDACTED]
1 - [REDACTED]
1 - ELSUR UNIT {ENCLOSURE}

FEDERAL BUREAU OF INVESTIGATION
COMMUNICATIONS CENTER
67082
APR 29 1989

APPROVED

Director

Exec AD-Adm.

Exec AD-Inv.

Exec AD-LES

Adm. Serv.

Crim. Inv.

Ident.

Inspection

Intell.

Laboratory

Legal Coun.

Off. of Cong. & Public Aff.

Rec. Mgnt.

Tech. Servs.

Training

DO NOT FILE WITHOUT COMMUNICATIONS STAMP

FBI/DOJ

DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
COMMUNICATIONS SECTION

2

CONTINUATION SHEET

REFERENCED HONOLULU TELETYPE REQUESTED FBIHQ AND DEPARTMENT OF JUSTICE {DOJ}, OFFICE OF ENFORCEMENT OPERATIONS {EOO} AUTHORITY TO CONDUCT CONSENSUAL MONITORING UTILIZING FEDERAL INMATE BARTON HARRY WATSON, III, REGISTRY NUMBER 11385-016. THIS REQUEST NOTED THAT THE INVESTIGATIVE PLAN REQUIRED WATSON'S FURLOUGH FOR A ONE-WEEK PERIOD, DURING WHICH HE WOULD NOT BE GUARDED EXCEPT FOR SECURITY REASONS, AND THAT FBI SAS WOULD BE AWARE OF WATSON'S LOCATION AND ACTIVITIES AT ALL TIMES.

ON APRIL 21, 1989, [REDACTED] EOO, DOJ, ADVISED THAT EOO/DOJ HAD CONTACTED THE U.S. BUREAU OF PRISONS {BOP} AND DETERMINED WATSON HAS RECENTLY BEEN THE SUBJECT OF SEVERAL BOP INCIDENT REPORTS. BASED UPON HIS RECENT ACTIVITIES DURING CONFINEMENT, BOP WILL NOT AUTHORIZE WATSON'S RELEASE ON FURLOUGH WITHOUT HIS BEING GUARDED CONTINUOUSLY BY FBI SAS DURING DAYLIGHT HOURS AND INCARCERATED IN A FEDERALLY APPROVED FACILITY OVERNIGHT.

IN REFERENCED TELCAL OF APRIL 21, 1989, HONOLULU WAS ADVISED OF BOP'S REQUIREMENTS FOR RELEASE OF WATSON FOR USE IN THIS MATTER.

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DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
COMMUNICATIONS SECTION

3

CONTINUATION SHEET

IN VIEW OF THE ABOVE, CONSENSUAL MONITORING AUTHORITY IS DENIED AT THIS TIME. HONOLULU SHOULD RESUBMIT A NEW CONSENSUAL MONITORING REQUEST TO FBIHQ, ATTENTION: PUBLIC CORRUPTION UNIT (PCU), SHOULD HONOLULU DECIDE TO CHANGE ITS SCENARIO TO COMPLY WITH BOP RESTRICTIONS FOR USE OF WATSON IN CONSENSUAL MONITORING.

QUESTIONS REGARDING THIS MATTER MAY BE DIRECTED TO SSA

[REDACTED], PCU, EXTENSION 5701.

BT

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100-444444-100

RECEIVED

TELETYPE UNIT

SEP 30 1 14 PM '89

Exec AD Adm.	
Exec AD Inv.	
Exec AD LES	
Asst. Dir.:	
Adm. Serv.	
Crim. Inv.	
Ident.	
Insp.	
Intell.	
Lab.	
Legal Coun.	
Off. Cong. & Public Affs.	
Rec. Mgmt.	
Tech. Serv.	
Training	
Off. Liaison & Int. Affs.	

0030 MRI 00448

30 SEP 89 12 42Z

RR RUEHFB FBIDE FBIPH FBIWMFO

FEDERAL BUREAU OF INVESTIGATION

DE FBIHN #0004 2730517

ZNY EEEEE

R 300511Z SEP 89

FM FBI HONOLULU (194B-121) (P)

TO DIRECTOR FBI/ROUTINE/

FBI DETROIT/ROUTINE/

FBI PHILADELPHIA/ROUTINE/

FBI WMFO/ROUTINE/

BT

UNCLAS E F T O

CITE: //3280:6680//

SUBJECT: PEDRO P. TENORIO, GOVERNOR, CNMI, ET AL.; CORRUPTION OF STATE AND LOCAL PUBLIC OFFICIALS - LOCAL LEVEL; OO: HONOLULU.

FOR INFORMATION OF FBIHQ, HONOLULU DID NOT AND WILL NOT UTILIZE CONSENSUAL MONITORING TECHNIQUE AS AUTHORIZED BY DOJ REGARDING THIS INVESTIGATION.

HONOLULU APPRECIATES THE TIMELY LEAD COVERAGE AND REPORTING OF PERTINENT INFORMATION BY ALL AUXILIARY OFFICES. AS A RESULT,

1 CC TO WCCS, RM 6343
DATE: 10/2/89 BY: [signature]

352

PAGE TWO DE FBIHN 0004 UNCLAS E F T O

AN EXHAUSTIVE INTERVIEW WAS CONDUCTED OF SUBJECT WATSON ON 9/26/89. HE DEMONSTRATED A SEVERE LACK OF CANDOR AND CREDIBILITY. FURTHERMORE, WATSON WAS NOT USED AS A FEDERAL GRAND JURY WITNESS IN THIS MATTER.

WHILE ON SAIPAN, WATSON'S ACTIVITIES WERE CLOSELY MONITORED. HE WAS OBSERVED WITH LARGE SUMS OF ASIAN CURRENCY. HE REPRESENTED HIMSELF TO THE MANAGEMENT OF ONE SAIPAN RESORT AS THE EXECUTIVE DIRECTOR OF GRAND CHAMPION RESORTS, PALM SPRINGS, CALIFORNIA. BECAUSE OF WATSON'S INCLINATION TOWARDS DISHONESTY, HONOLULU REQUESTS DETROIT TO NOTIFY U.S. PROBATION OFFICER [REDACTED]

[REDACTED] 137 FEDERAL BUILDING, GRAND RAPIDS, MICHIGAN, THAT WATSON DEPARTED SAIPAN AT 2:00 A.M. ON 9/28/89. HONOLULU IS NOT AWARE OF AUTHORIZATION ALLOWING WATSON TO TRAVEL OUTSIDE THE U.S.

HONOLULU WILL SUBMIT CON-ARTIST INDEX INFORMATION, FD-761, AND DETAILED LHM.

BT

#0004

NNNN

b6
b7c

SSR

FBI

CLASS TRANSMIT VIA:

SRC'D ☐ Teletype
 SER ☐ Facsimile
 REC ☒ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 10/10/89

To : Director, FBI (Attention: Criminal Investigative Division)
 From : SAC, HONOLULU (194B-121) (C&SRA)
 Subject: Public Corruption Data Transmittal Form

1. Title: (use additional page if necessary) PEDRO P. TENORIO, GOVERNOR,

Re:

2. ☒ Enclosed are the original and three copies of a LHM for dissemination purposes.
(check if appropriate)

3. Office of Origin File No. 194B - 121 (include alpha)

4. ☐ Initial submission ☒ Supplemental submission (check one)

5. Date opened upon SAC authority 3/17/89

6. Level of subject official (See codes on reverse. Use additional pages, as necessary, for additional subjects.)

Level L01 Number of Subject(s) 1
 Level M20 Number of Subject(s) 1
 Level Number of Subject(s)

7. Indicate which of the following investigative techniques have been utilized to date.
(check all appropriate boxes)

Code Number / Description

Z1 ☐ Acct. Tech. Assist.
 Z2 ☐ Aircraft Assist.
 Z3 ☐ Computer Assist.
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 Z26 ☐ NCAVG/VI - CAP
 Z27 ☐ VIA

2 - Field Office

③ FBIHQ

(1 - White-Collar Crimes Section, Public Corruption Unit)

JDG:rg

(5)

Approved:

Transmitted

Per

(Number)

(Time)

10 - Honolulu

2 Airtels + 1 CC TO WCCS, RM 3849

DATE: 11-13-89 BY: I.P.J.

8. Type of Corruption Investigated (check all appropriate boxes)

Code Number/Description

(A) Judicial Corruption

- A1 ☐ Federal
A2 ☐ State
A3 ☐ Local
A4 ☐ Territorial

(C) Contract Corruption

- C1 ☒ Federal
C2 ☐ State
C3 ☐ Local
C4 ☐ Territorial

(E) Law Enforcement Corruption

- E1 ☐ Federal
E2 ☐ State
E3 ☐ Local
E4 ☐ Territorial

Code Number/Description

(B) Legislative Corruption

- B1 ☐ Federal
B2 ☐ State
B3 ☐ Local
B4 ☐ Territorial

(D) Regulatory Corruption

- D1 ☐ Federal
D2 ☐ State
D3 ☐ Local
D4 ☐ Territorial

9. Does corruption involve drug related activity? (check one) ☐ Yes ☒ No

10. Statistical Accomplishments (number since last submission)

- | | | | |
|-------------------------|-------|--------------------------------------|-------|
| A. Complaints | _____ | F. Acquittal | _____ |
| B. Informants | _____ | G. Recoveries | _____ |
| C. Indictments | _____ | H. Restitutions | _____ |
| D. Convictions | _____ | I. Potential Economic Loss Prevented | _____ |
| E. Pre-trial Diversions | _____ | | |

11. Forfeiture Provisions Utilized (check one) ☐ Yes ☒ No

12. Status of Case (check one)

- ☐ Pending Preliminary Inquiry
☐ Pending Full Investigation
☒ Closed

13. Basis for Closing (check one)

- ☒ U.S. Attorney Decision
☐ Dismissal
☐ Accutal
☐ Conviction
☐ Administrative by SAC (no other basis involved)

Additional Administrative Data (if needed): Title Cont:

COMMONWEALTH OF THE
NORTHERN MARIANA ISLANDS (CNMI);
LARRY L. HILLBLÖM, dba
Bank of Saipan, (BOS);

ACCOUNT EXECUTIVE,
E.F. HUTTON, INC.;
BARTON HARRY WATSON, III, aka
Barry Watson, ACCOUNT EXECUTIVE,
E.F. HUTTON, INC.;

BOARD OF DIRECTORS (BOD),
ECONOMIC DEVELOPMENT LOAN FUND (EDLF), CNMI;
JAMES E. HAWKINS;
CORRUPTION OF STATE AND LOCAL PUBLIC
OFFICIALS - LOCAL LEVEL

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REC

TO DIRECTOR FBI/PRIORITY/

FBI DETROIT/PRIORITY/

FBI WMFO/PRIORITY/

BT

UNCLAS E F T O

SECTION ONE OF THREE SECTIONS.

CITE: //3280:6680//

PASS: WMFO - ALEXANDRIA RA.

SUBJECT: PEDRO P. TENORIO, GOVERNOR, COMMONWEALTH OF THE
NORTHERN MARIANA ISLANDS (CNMI); LARRY L. HILLBLOM, DBA BANK OF
SAIPAN (BOS); [REDACTED] ACCOUNT EXECUTIVE, E.F. HUTTON,
INC.; BARTON HARRY WATSON, III, AKA BARRY WATSON, ACCOUNT
EXECUTIVE, E.F. HUTTON, INC.; [REDACTED]
BOARD OF DIRECTORS (BOD), ECONOMIC DEVELOPMENT LOAN FUND (EDLF),

OCT 31 1989

1cc to WCCS, Rm 3849, 9/8/89 JWB

- 1) SOURCE IS IDENTIFIED AS BARTON HARRY WATSON III
- 2) REMOVE EVERYTHING IN ADMINISTRATIVE SECTION

THANKS

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Exec AD Adm.	_____
Exec AD Inv.	_____
Exec AD LES	_____
Asst. Dir.:	_____
Adm. Serv.	_____
Crim. Inv.	_____
Ident.	_____
Insp.	_____
Intell.	_____
Lab.	_____
Legal Coun.	_____
Off. Cong. & Public Affs.	_____
Rec. Mgmt.	_____
Tech. Servs.	_____
Training	_____
Off. Liaison & Int. Affs.	_____
Telephone Rm.	_____
Director's Sec'y	_____

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[REDACTED] DOT/OED, ADVISED
RATON RELEASED
7/28/89

PAGE TWO DE FBIHN 0015 UNCLAS E F T O

CNMI; JAMES E. HAWKINS; CORRUPTION OF STATE AND LOCAL PUBLIC
OFFICIALS - LOCAL LEVEL; OO: HONOLULU.

PURPOSE: AUTHORITY IS REQUESTED TO USE ELECTRONIC DEVICES
TO MONITOR AND/OR RECORD PRIVATE CONVERSATIONS BETWEEN A SOURCE
AND SUBJECTS AS LISTED ABOVE, AS WELL AS OTHERS YET UNKNOWN, IN
CONNECTION WITH A CORRUPTION OF STATE AND LOCAL PUBLIC OFFICIALS
MATTER. THE AUTHORITY IS REQUESTED FOR A 30-DAY PERIOD
COMMENCING 9/25/89.

DETAILS: DOJ/OFFICE OF ENFORCEMENT OPERATIONS APPROVAL IS
REQUIRED BECAUSE THE INTERCEPTION RELATES TO AN INVESTIGATION OF
PUBLIC OFFICIALS AND THE OFFENSES BEING INVESTIGATED ARE ONES
INVOLVING BRIBERY, CONFLICT OF INTEREST, OR EXTORTION RELATING TO
THE PERFORMANCE OF THEIR OFFICIAL DUTIES.

THE FBI SOURCE HAS VOLUNTARILY PROVIDED INFORMATION
CONCERNING PUBLIC CORRUPTION IN THE CNMI. THIS SOURCE HAS
PERSONAL KNOWLEDGE OF THE CORRUPT PRACTICES USED BY CNMI
OFFICIALS TO EXTORT MONEY FROM INDIVIDUALS WISHING TO DO BUSINESS
WITH THE CNMI GOVERNMENT. AS AN EMPLOYEE OF E.F. HUTTON, THE
SOURCE WAS INFORMED BY CNMI OFFICIALS AND THEIR ASSOCIATES THAT
E.F. HUTTON WOULD BE REQUIRED TO HIRE KEY PEOPLE AS CONSULTANTS
IN THE CNMI IN ORDER TO DO BUSINESS WITH THE CNMI GOVERNMENT.

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THE SOURCE HAS ADVISED THAT SUBJECTS LARRY L. HILLBLOM, [REDACTED]

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[REDACTED] BARTON HARRY WATSON, III, [REDACTED] AND JAMES E.

HAWKINS ENTERED INTO VARIOUS CONSULTING AGREEMENTS IN ORDER TO OBTAIN APPROXIMATELY SEVEN MILLION DOLLARS WORTH OF BUSINESS FOR E.F. HUTTON. FURTHERMORE, THE SOURCE PROVIDED INFORMATION THAT THE CMII GOVERNOR ALSO REQUESTED A TEN THOUSAND DOLLAR PAYMENT TO ACT AS A FACILITATOR OF THE BUSINESS ARRANGEMENT.

ELECTRONIC MONITORING DEVICES, BOTH TELEPHONIC AND NON-TELEPHONIC, ARE NECESSARY BECAUSE TRADITIONAL INVESTIGATIVE TECHNIQUES USED IN THIS INVESTIGATION HAVE NOT BEEN EFFECTIVE.

HAWKINS, [REDACTED] WATSON, AND [REDACTED] HAVE ALL BEEN INTERVIEWED AND DENY IMPROPRIETIES. THE FBI SOURCE HAS AGREED TO ENGAGE THE SUBJECTS OF THIS INVESTIGATION IN CONVERSATIONS REGARDING THEIR CONSPIRACY. THE SOURCE IS AGREEABLE TO HAVING THESE PRIVATE CONVERSATIONS ELECTRONICALLY RECORDED, IS WILLING TO GIVE WRITTEN CONSENT, AND IS ALSO WILLING TO TESTIFY IN COURT. RECORDING DEVICES WILL ONLY BE USED WHEN THE CONSENTING SOURCE IS PRESENT.

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THE PLANNED SCENARIO IS FOR THE FBI SOURCE TO TRAVEL TO THE ISLAND OF SAIPAN AND CONTACT SUBJECTS WHO RESIDE ON THE ISLAND. THE SOURCE WILL MOST LIKELY CONTACT THESE INDIVIDUALS

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TELEPHONICALLY FROM THE SOURCE'S SAIPAN HOTEL ROOM IN ORDER TO ARRANGE A DINNER MEETING TO DISCUSS OLD TIMES TOGETHER AND THE SOURCE'S INTEREST IN INVESTING IN TOURISM VENTURES ON THE ISLAND OF SAIPAN. THE TELEPHONE CONVERSATIONS WILL BE RECORDED AND THE SOURCE WILL WEAR A BODY RECORDER FOR FACE-TO-FACE MEETINGS.

U.S. ATTORNEY'S OPINION: ON 8/15/89, THE FACTS OF THIS INVESTIGATION WERE DISCUSSED BETWEEN FBI SPECIAL AGENT [REDACTED] [REDACTED] SAIPAN RESIDENT AGENCY, AND ASSISTANT UNITED STATES ATTORNEY (AUSA [REDACTED]) DISTRICT OF THE NORTHERN MARIANA ISLANDS, SAIPAN. AUSA [REDACTED] APPROVES THE USE OF ELECTRONIC MONITORING DEVICES AND ADVISED THAT ENTRAPMENT IS NOT AN ISSUE IN THAT THE CRIMES BEING INVESTIGATED HAVE ALREADY OCCURRED. FURTHERMORE, AUSA [REDACTED] ADVISED HE WILL PROSECUTE THIS MATTER IN THE DISTRICT OF THE NORTHERN MARIANA ISLANDS UNDER TITLE 18, U.S. CODE, SECTION 371, CONSPIRACY TO DEFRAUD THE UNITED STATES; SECTION 1341, MAIL FRAUD; SECTION 1343, FRAUD BY WIRE; AND SECTION 1951, HOBBS ACT, IF THE ABOVE ALLEGATIONS CAN BE SUBSTANTIATED.

ADMINISTRATIVE DATA: IN 1986, HN 2061-129 WAS OPENED TO ADDRESS AN ALLEGATION THAT [REDACTED] RECEIVED KICKBACKS FROM JAMES E. HAWKINS FOR [REDACTED] EFFORTS IN DIRECTING SEVEN

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MILLION DOLLARS IN ECONOMIC DEVELOPMENT LOAN FUND (EDLF) MONIES TO BE INVESTED WITH E.F. HUTTON. HAWKINS AND [REDACTED] WERE INTERVIEWED AT THAT TIME BY ALEXANDRIA (2061-326) AND WMFO (2061-232). INVESTIGATION PROVED NEGATIVE AND THE CASE WAS CLOSED. IN SEPTEMBER, 1987, BARTON HARRY WATSON, III, THEN A PRISONER AT THE LEWISBURG FEDERAL PENITENTIARY, VOLUNTARILY PROVIDED INFORMATION WHICH EXPANDED ON THE PREVIOUS ALLEGATION. WATSON PROVIDED INFORMATION OF A CONSPIRACY ON THE PART OF HIMSELF, [REDACTED]

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[REDACTED] LARRY L. HILLBLOM, CNMI GOVERNOR PEDRO A. TENORIO, [REDACTED] [REDACTED] AND JAMES E. HAWKINS TO USE THE SEVEN MILLION DOLLAR EDLF TO PROVIDE INCOME TO THE BOS, WHICH IS CONTROLLED BY HILLBLOM. IN ADDITION, WATSON STATED THAT GOVERNOR TENORIO DEMANDED THAT TEN THOUSAND DOLLARS BE SET UP IN AN E.F. HUTTON ACCOUNT IN THE NAME OF THE BOS WITH FUNDS TO BE PROVIDED BY E.F. HUTTON.

WATSON ADVISED THAT IN 1984, HE AND [REDACTED] MET HAWKINS, AN INDIVIDUAL WITH MANY CONNECTIONS IN MICRONESIA, AND HAWKINS INTRODUCED THEM TO MANY INDIVIDUALS IN THE CNMI, INCLUDING [REDACTED] FOR THE EDLF. THE EDLF WAS A CNMI AGENCY RESPONSIBLE FOR GIVING LOW INTEREST LOANS TO CNMI

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RESIDENTS. IT WAS FUNDED WITH FEDERAL MONEY AND HAS SEVEN MILLION DOLLARS INVESTED WITH THE BANK OF GUAM AT A VERY LOW INTEREST RATE. WATSON AND [] CONVINCED THE EDLF BOARD OF DIRECTORS TO INVEST THE SEVEN MILLION DOLLARS WITH E.F. HUTTON AT A HIGHER RATE OF RETURN.

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THROUGHOUT THE COURSE OF THEIR TRAVELS TO THE CNMI, WATSON AND [] BECAME FRIENDLY WITH HILLBLOM, WHO CONTROLLED THE BOS. DURING ONE OF THEIR TRIPS TO SAIPAN, HILLBLOM TOLD THE MEN THAT POLITICAL INFLUENCE WAS DIRECTLY TIED INTO DOING BUSINESS ON SAIPAN AND FAVORABLE POLITICAL INFLUENCE REQUIRED A PIECE OF THE ACTION OR CASH COMPENSATION.

WATSON AND [] WERE UNSUCCESSFUL IN OBTAINING THE EDLF INVESTMENT FOR E.F. HUTTON UNTIL HILLBLOM, WHO HAD NO INVOLVEMENT WITH THE EDLF, INTERVENED. WATSON SAID THAT DURING AN OCTOBER, 1984, TRIP TO SAIPAN, HILLBLOM TOLD WATSON AND [] THAT FOR E.F. HUTTON TO GET THE EDLF INVESTMENT, THE BOS WOULD HAVE TO BE AN INTERMEDIARY. HILLBLOM AND HAWKINS BOTH TOLD WATSON AND [] THAT EVERYTHING WAS TAKEN CARE OF WITH GOVERNOR TENORIO. ADDITIONALLY, WATSON SAID THAT HAWKINS DROVE WATSON TO THE

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FM FBI HONOLULU (194B-121) (P) (SRA)

TO DIRECTOR FBI/PRIORITY/

FBI DETROIT/PRIORITY/

FBI WMFO/PRIORITY/

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UNCLAS E F T O

SECTION TWO OF THREE SECTIONS

CITE: //3280:6680//

PASS: WMFO - ALEXANDRIA RA.

SUBJECT: PEDRO P. TENORIO, GOVERNOR, COMMONWEALTH OF THE
NORTHERN MARIANA ISLANDS (CNMI); LARRY L. HILLBLOM, DBA BANK OF
SAIPAN (BOS); [REDACTED] ACCOUNT EXECUTIVE, E.F. HUTTON,
INC.; BARTON HARRY WATSON, III, AKA BARRY WATSON, ACCOUNT
EXECUTIVE, E.F. HUTTON, INC.; [REDACTED]
BOARD OF DIRECTORS (BOD), ECONOMIC DEVELOPMENT LOAN FUND (EDLF),

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PAGE TWO DE FBIHN 0016 UNCLAS E F T O

CNMI; JAMES E. HAWKINS; CORRUPTION OF STATE AND LOCAL PUBLIC
OFFICIALS - LOCAL LEVEL; OO: HONOLULU.

TEXT CONTINUES:

GOVERNOR'S OFFICE WHERE WATSON MET PRIVATELY WITH GOVERNOR
TENORIO. THE GOVERNOR TOLD WATSON THAT HILLBLOM HAD MADE
ARRANGEMENTS FOR THE EDLF FUND TO BE INVESTED WITH E.F. HUTTON
AND DEMANDED THAT E.F. HUTTON OPEN AN ACCOUNT FOR THE GOVERNOR IN
THE NAME OF BOS WITH TEN THOUSAND DOLLARS SUPPLIED BY E.F.
HUTTON.

THE EDLF INVESTED APPROXIMATELY SEVEN MILLION DOLLARS WITH
E.F. HUTTON. HOWEVER, SHORTLY THEREAFTER, THE EDLF BOARD OF
DIRECTORS WITHDREW THE FUNDS FROM E.F. HUTTON AND REDEPOSITED THE
FUNDS INTO THE BANK OF GUAM.

DURING ONE TRIP TO SAIPAN, WATSON AND [REDACTED] WERE INFORMED
BY HILLBLOM AND OTHER EXECUTIVES FROM THE BOS THAT THEY DESIRED
ON BEHALF OF THE BANK'S CLIENTS TO OBTAIN INVESTMENTS AND
SECURITIES SOLELY IN THE BANK'S NAME WITHOUT DIVULGING THE
IDENTITIES OF THE INVESTMENT CLIENTS. FURTHERMORE, THEY WISHED
TO HAVE THE INVESTMENTS AND SECURITIES HELD OUTSIDE THE UNITED
STATES. WATSON SAID THAT THE PURPOSE AND MOTIVATION OF THIS
REQUEST WAS FOR BOS TO CIRCUMVENT THE UNITED STATES INCOME TAX

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LAWS, TO CIRCUMVENT EMBARRASSMENT OF THE CONSIDERABLE AMOUNT OF WEALTH HELD BY THE SAIPAN CLIENTS OF THE BOS, AND TO ALLEVIATE OR HIDE THE CONCEPT OF CONSTRUCTIVE RECEIPT. WATSON SAID THAT HE AND [] WERE SUCCESSFUL IN BOOKING THIS BUSINESS ACTIVITY FOR E.F. HUTTON THROUGH THE LONDON, ENGLAND, AND GENEVA, SWITZERLAND, OFFICES OF E.F. HUTTON.

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AT ANOTHER TIME, WATSON SAID THAT HILLBLOM AND [] INTRODUCED WATSON AND [] TO [], WAH KONG SHIPPING AND INVESTMENT COMPANY, AND [] OF THE HYATT REGENCY HOTEL, SAIPAN, CNMI. ACCORDING TO WATSON, [] AND WATSON VISITED [] IN HONG KONG WHERE [] INSTRUCTED WATSON AND [] ON HOW TO CONDUCT BUSINESS ON THE ISLAND OF SAIPAN.

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WHILE HE WAS INTERVIEWED AT THE U.S. PENITENTIARY AT LEWISBURG, PA, WATSON ADVISED THAT HIS PERSONAL TRAVEL RECORDS CONTAIN SPECIFIC DATES AND CONTACTS DURING HIS TRAVELS TO SAIPAN. THOSE PERSONAL RECORDS WERE MAINTAINED BY []

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[] WHO RESIDED IN [] WATSON ALSO PURPORTED TO HAVE DOCUMENTS SUPPORTING HIS CLAIM THAT GOVERNOR TENORIO REQUESTED A TEN THOUSAND DOLLAR PAYOFF.

A REVIEW OF INTERVIEWS CONDUCTED REGARDING THIS MATTER, AS

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WELL AS AVAILABLE DOCUMENTS OBTAINED THUS FAR IN THE

INVESTIGATION, TEND TO DISCREDIT WATSON'S ALLEGATIONS. AUSA [REDACTED] HAS ISSUED A FEDERAL GRAND JURY (FGJ) SUBPOENA THROUGH THE

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U.S. MARSHAL'S SERVICE REQUESTING WATSON'S TESTIMONY IN SAIPAN ON 9/27/89. HONOLULU DESIRES TO CLARIFY CERTAIN STATEMENTS MADE BY WATSON PRIOR TO THAT POINT IN TIME. IT IS BELIEVED BY THE CASE AGENT THAT WATSON MAY BE USING THE U.S. GOVERNMENT TO FINANCE HIS TRAVELS TO THE ISLAND OF SAIPAN FOR THE PURPOSE OF FURTHERING HIS PERSONAL AGENDA AND FINANCIAL SCHEMES. AUSA [REDACTED] HAS MADE ARRANGEMENTS FOR WATSON TO SPEND THREE DAYS ON THE ISLAND OF SAIPAN DURING THE TIME PERIOD OF THE FGJ SUBPOENA IN HOPES THAT WATSON'S COOPERATION WILL MAKE SIGNIFICANT CONTRIBUTIONS TO INVESTIGATION OF THE CAPTIONED MATTER. THEREFORE, HONOLULU REQUESTS THAT LEADS AS SET OUT BELOW ARE COVERED AND REPORTED TO HONOLULU PRIOR TO 9/27/89. IF RECEIVING OFFICES DESIRE FURTHER DETAILS REGARDING THIS MATTER, QUESTIONS CAN BE DIRECTED TO SA [REDACTED] SAIPAN RESIDENT AGENCY, TELEPHONE 011-670-234-6934.

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ALEXANDRIA AT RESTIN, VIRGINIA: WILL INTERVIEW HAWKINS, 11611 VANTAGE HILL ROAD, BUILDING 11, APARTMENT 11B, RESTIN, VIRGINIA, TELEPHONE (703) 471-1967, REGARDING THE POSSIBILITY

PAGE FIVE DE FBIHN 0016 UNCLAS E F T O

THAT HAWKINS DROVE WATSON TO A PRIVATE MEETING WITH GOVERNOR TENORIO. FURTHERMORE, ASCERTAIN IF WATSON DISCLOSED THE DETAILS OF THIS MEETING TO HAWKINS.

DETROIT AT GRAND RAPIDS, MICHIGAN:

1. WILL ATTEMPT TO VERIFY WATSON'S DATE OF BIRTH WHICH IS LISTED AS 10/18/57, ON EMPLOYMENT RECORDS FILED WITH E.F. HUTTON AND AS 10/18/60, AS LISTED ON U.S. BUREAU OF PRISONS RECORDS..

2. WILL CONDUCT CRIMINAL AND ARREST CHECKS REGARDING WATSON.

3. WILL CONTACT WATSON IN CARE OF [REDACTED]

[REDACTED] TELEPHONE [REDACTED]

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[REDACTED] AND REQUEST WATSON TO BRING PERSONAL TRAVEL RECORDS REGARDING HIS TRAVELS AND CONTACTS IN THE CNMI WHEN HE TRAVELS TO SAIPAN DURING SEPTEMBER, 1989. WATSON SHOULD ALSO BE REQUESTED TO BRING DOCUMENTS SUPPORTING HIS CLAIM THAT GOVERNOR TENORIO REQUESTED A TEN THOUSAND DOLLAR PAYOFF. ADDITIONALLY, WATSON IS REQUESTED TO BRING TO SAIPAN ANY PRIVATE PAPERS AND NOTES HE HAS REGARDING ACCOUNTS SET-UP IN THE NAME OF LARRY HILLBLOM, DHL ENTERPRISES, OR BANK OF SAIPAN IN LONDON AND GENEVA UNDER ACCOUNTS CONTROLLED BY E.F. HUTTON.

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4. WATSON PREVIOUSLY RENEGED ON AGREEMENT TO BE POLYGRAPHED REGARDING CAPTIONED MATTER BECAUSE OF COMPLICATIONS HIS COOPERATION MIGHT HAVE CAUSED WHILE HE WAS INCARCERATED. DETROIT WILL ASK HIM IF HE IS WILLING TO VOLUNTARILY SUBMIT TO POLYGRAPH EXAMINATION WHILE IN SAIPAN DURING SEPTEMBER, 1989.

WMFO AT WASHINGTON, D.C.:

1. WILL CONDUCT INDICES CHECKS REGARDING BARTON HARRY WATSON, III, AKA BARRY WATSON, BORN 10/18/57, OR 10/18/60, AT GRAND RAPIDS, MICHIGAN, SSAN 381-78-3111.

2. WILL CONTACT AUSA [REDACTED], WASHINGTON, D.C., TELEPHONE (202) 272-9078, REGARDING DETAILS OF WATSON'S CONVICTION FOR MAIL FRAUD IN 1987 WHICH LED TO HIS IMPRISONMENT AT LEWISBURG, PA. DETAILS SHOULD INCLUDE CIRCUMSTANCES OF THE CONVICTION, AS WELL AS NAME OF INVESTIGATING AGENCY.

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3. WILL INTERVIEW [REDACTED] E.F. HUTTON, INC., 1825 I STREET N.W., SUITE 1000, WASHINGTON, D.C., TELEPHONE [REDACTED], REGARDING THE FOLLOWING POINTS:

A. DID HILLBLOM AND [REDACTED] INTRODUCE WATSON AND [REDACTED] TO [REDACTED], SUPRA? DID [REDACTED] AND WATSON VISIT [REDACTED] IN HONG KONG? WHAT ARE THE DETAILS OF THEIR DISCUSSIONS?

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FM FBI HONOLULU (194B-121) (P) (SRA)

TO DIRECTOR FBI/PRIORITY/

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UNCLAS E F T O

SECTION THREE OF THREE SECTIONS

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PAGE TWO DE FBIHN 0017 UNCLAS E F T O

CNMI; JAMES E. HAWKINS; CORRUPTION OF STATE AND LOCAL PUBLIC
OFFICIALS - LOCAL LEVEL; OO: HONOLULU.

TEXT CONTINUES:

B. DID WATSON AND [] MEET WITH HILLBLOM AND OTHER BOS
OFFICIALS (POSSIBLY [] IN LONDON, ENGLAND, DURING
SEPTEMBER, 1984? WHERE DID THEY MEET? WHAT WAS THE PURPOSE OF
THE MEETING? DID WATSON AND [] ARRANGE TO OPEN E.F. HUTTON
ACCOUNTS FOR HILLBLOM OR ANY OF HIS BUSINESSES OR BUSINESS
ASSOCIATES IN LONDON, ENGLAND, OR GENEVA, SWITZERLAND?

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C. WAS THE BOS USED AS AN INTERMEDIARY BETWEEN THE EDLF
BOARD OF DIRECTORS AND E.F. HUTTON IN THE ADMINISTRATION OF THE
FUND ACCOUNT?

D. DID [] EVER MEET WITH GOVERNOR TENORIO? DID
HILLBLOM OR HAWKINS EVER TELL [] THAT GOVERNOR TENORIO WOULD
MAKE SURE THE EDLF BOARD OF DIRECTORS WOULD APPROVE OPENING THE
E.F. HUTTON ACCOUNT? DID GOVERNOR TENORIO REQUEST ANY
COMPENSATION FROM [] OR E.F. HUTTON?

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E. DID HILLBLOM OR [] INSTRUCT []
AND WATSON IN METHODS OF USING POLITICAL INFLUENCE TO CONDUCT
BUSINESS ON SAIPAN? DID ANY OTHER INDIVIDUALS CONFIDE IN []
THAT THE CONSULTANT SERVICES OF CNMI OFFICIALS WOULD BE REQUIRED

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PAGE THREE DE FBIHN 0017 UNCLAS E F T O

IN ORDER FOR THE EDLE TO BE INVESTED WITH E.F. HUTTON?

F. WHAT COMPENSATION WAS PAID TO AND WATSON BY E.F. HUTTON FOR THEIR ROLE IN SECURING THE SEVEN MILLION DOLLARS AS AN ACCOUNT FOR E.F. HUTTON?

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FM FBI HONOLULU (194B-121) (P)

TO DIRECTOR FBI/PRIORITY/

FBI-DETROIT/PRIORITY/

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UNCLAS E F T O

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BOARD OF DIRECTORS (BOD), ECONOMIC DEVELOPMENT LOAN FUND (EDLF).

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PAGE THREE DE FBIHN 0015 UNCLAS E F T O

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[REDACTED] BARTON HARRY WATSON, III, [REDACTED] AND JAMES E.

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HAWKINS ENTERED INTO VARIOUS CONSULTING AGREEMENTS IN ORDER TO OBTAIN APPROXIMATELY SEVEN MILLION DOLLARS WORTH OF BUSINESS FOR E.F. HUTTON. FURTHERMORE, THE SOURCE PROVIDED INFORMATION THAT THE CNMI GOVERNOR ALSO REQUESTED A TEN THOUSAND DOLLAR PAYMENT TO ACT AS A FACILITATOR OF THE BUSINESS ARRANGEMENT.

ELECTRONIC MONITORING DEVICES, BOTH TELEPHONIC AND NON-TELEPHONIC, ARE NECESSARY BECAUSE TRADITIONAL INVESTIGATIVE TECHNIQUES USED IN THIS INVESTIGATION HAVE NOT BEEN EFFECTIVE.

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HAWKINS, [REDACTED] WATSON, AND [REDACTED] HAVE ALL BEEN INTERVIEWED AND

DENY IMPROPRIETIES. THE FBI SOURCE HAS AGREED TO ENGAGE THE SUBJECTS OF THIS INVESTIGATION IN CONVERSATIONS REGARDING THEIR CONSPIRACY. THE SOURCE IS AGREEABLE TO HAVING THESE PRIVATE CONVERSATIONS ELECTRONICALLY RECORDED, IS WILLING TO GIVE WRITTEN CONSENT, AND IS ALSO WILLING TO TESTIFY IN COURT. RECORDING DEVICES WILL ONLY BE USED WHEN THE CONSENTING SOURCE IS PRESENT.

THE PLANNED SCENARIO IS FOR THE FBI SOURCE TO TRAVEL TO THE ISLAND OF SAIPAN AND CONTACT SUBJECTS WHO RESIDE ON THE ISLAND. THE SOURCE WILL MOST LIKELY CONTACT THESE INDIVIDUALS

PAGE FOUR DE FBIHN 0015 UNCLAS E F T O

TELEPHONICALLY FROM THE SOURCE'S SAIPAN HOTEL ROOM IN ORDER TO
ARRANGE A DINNER MEETING TO DISCUSS OLD TIMES TOGETHER AND THE
SOURCE'S INTEREST IN INVESTING IN TOURISM VENTURES ON THE ISLAND
OF SAIPAN. THE TELEPHONE CONVERSATIONS WILL BE RECORDED AND THE
SOURCE WILL WEAR A BODY RECORDER FOR FACE-TO-FACE MEETINGS.

U.S. ATTORNEY'S OPINION: ON 8/15/89, THE FACTS OF THIS
INVESTIGATION WERE DISCUSSED BETWEEN FBI SPECIAL AGENT

[REDACTED] AND ASSISTANT UNITED STATES

ATTORNEY (AUSA) [REDACTED] DISTRICT OF THE NORTHERN

MARIANA ISLANDS, SAIPAN. AUSA [REDACTED] APPROVES THE USE OF
ELECTRONIC MONITORING DEVICES AND ADVISED THAT ENTRAPMENT IS NOT

AN ISSUE IN THAT THE CRIMES BEING INVESTIGATED HAVE ALREADY

OCCURRED. FURTHERMORE, AUSA [REDACTED] ADVISED HE WILL PROSECUTE

THIS MATTER IN THE DISTRICT OF THE NORTHERN MARIANA ISLANDS UNDER

TITLE 18, U.S. CODE, SECTION 371, CONSPIRACY TO DEFRAUD THE

UNITED STATES; SECTION 1341, MAIL FRAUD; SECTION 1343, FRAUD BY

WIRE; AND SECTION 1951, HOBBS ACT, IF THE ABOVE ALLEGATIONS CAN

BE SUBSTANTIATED.

[REDACTED]

AIRTEL

REC

9/7/89

Director, FBI (194-7501)

SAC, HONOLULU (194B-121)

PEDRO P. TENORIO, GOVERNOR, COMMONWEALTH OF THE NORTHERN
MARIANA ISLANDS (CNMI); LARRY L. HILLBLOM, DBA BANK OF
SAIPAN (BOS); [REDACTED] ACCOUNT EXECUTIVE, E. F.
HUTTON, INC.; ET AL; CORRUPTION OF STATE AND LOCAL PUBLIC
OFFICIALS - LOCAL LEVEL; OO: HONOLULU

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Reference Honolulu teletype to FBIHQ on 8/18/89.

Enclosed are two copies of a memorandum from the
Director to the Office of Enforcement Operations (OEO), Criminal
Division, U.S. Department of Justice, upon which OEO authorized
you to use a transmitting and/or recording device. This
authority is for a 60 day period commencing 9/25/89 and ending
11/23/89.

You are to submit an FD-621 within 30 days of the
expiration of this authorization furnishing information regarding
use of the equipment in accordance with MIOG, Part II, Section
10-10.3(9).

In the event a renewal of this authorization is deemed
warranted, submit your request with full justification at least
seven days prior to the expiration of the existing authorization,
in compliance with MIOG, Part II, Section 10-10.3(9).

Enclosures (2)

- 1 - ELSUR COORDINATOR, HN
- 1 - ELSUR INDEX, RMD
- 1 - [REDACTED]

JPO:GKS(6)

NOTE: Re butelcal was made to [REDACTED] HONOLULU
DIVISION, by [REDACTED] FBIHQ, on 9/5/89. See attached BuMemo
to OEO 8/30/89.

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SEALED ENCL

ENCLOSURE ATTACHED

OCT 31 1989

Exec AD Adm. _____
Exec AD Inv. _____
Exec AD LES _____
Asst. Dir.:
Adm. Servs. _____
Crim. Inv. _____
Ident. _____
Insp. _____
Intell. _____
Lab. _____
Legal Coun. _____
Off. Cong. &
Public Affs. _____
Rec. Mgnt. _____
Tech. Servs. _____
Training _____
Off. Liaison &
Int. Affs. _____
Telephone Rm. _____
Director's Sec'y _____

MAIL ROOM

Director _____
Exec. AD-Adm. _____
Exec. AD-Inv. _____
Exec. AD-LES _____

Adm. Servs. _____
Crim. Inv. _____
Ident. _____
Inspection _____
Intell. _____
Laboratory _____
Legal Coun. _____
Off. of Lia. & Public Affs. _____
Off. of Int. Affs. _____
Rec. Mgnt. _____
Tech. Servs. _____
Training _____

AIRTEL

Federal Bureau of Investigation

From: SAC, HONOLULU

Date: 11/02/89

Director, FBI

Attn: ELSUR Index

Subject: PEDRO P. TENORIO, GOVERNOR, COMMONWEALTH OF THE NORTHERN
 MARIANA ISLANDS (CNMI); LARRY L. HILLBLOM, DBA BANK OF
 SAIPAN (BOX); [REDACTED] ACCOUNT EXECUTIVE, E.F.
 HUTTON, INC.; ET AL; CORRUPTION OF STATE AND LOCAL PUBLIC
 OFFICIALS - LOCAL LEVEL; OO: HONOLULU

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Re Honolulu teltype to FBIHQ dated 08/18/89 and
 Bu airtel to Honolulu dated 09/07/89 captioned
 as above.

NOTE: If no confirming communication received from FBIHQ in response to
 your request for use of a nontelephonic consensual monitoring device, mark below:

 No confirming communication received from FBIHQ to date.

ReCommunication(s) requested/granted:

☒ Routine authority.
☐ Emergency authority.

The following information relates to the use of the equipment:

☐ Its use provided information which corroborated or assisted in
 corroborating the allegation or suspicion.
☐ It was used, but no information of value was obtained.
☒ It was not used.
 (Only one of the above applies)

Complete and submit within 30 days of expiration of each and every period
 of authorization granted for nontelephonic consensual monitoring by either the DOJ or
 FBIHQ-CID (whether an initial or a subsequent authorization), and for each extension
 or renewal thereof.

Transmit to FBIHQ in a sealed brown envelope labeled "Director, FBI, ELSUR
 Index, FBIHQ."

 D & D

2 - Bureau
 1 - 194B-121 (Field Office Investigative File)
 1 - 66F-750SubB-392 (Field Office Control File)
 RMT:rmt
 (4)

194-8777-11

FOIA
 ELSUR INDEX

FBI/DOJ

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